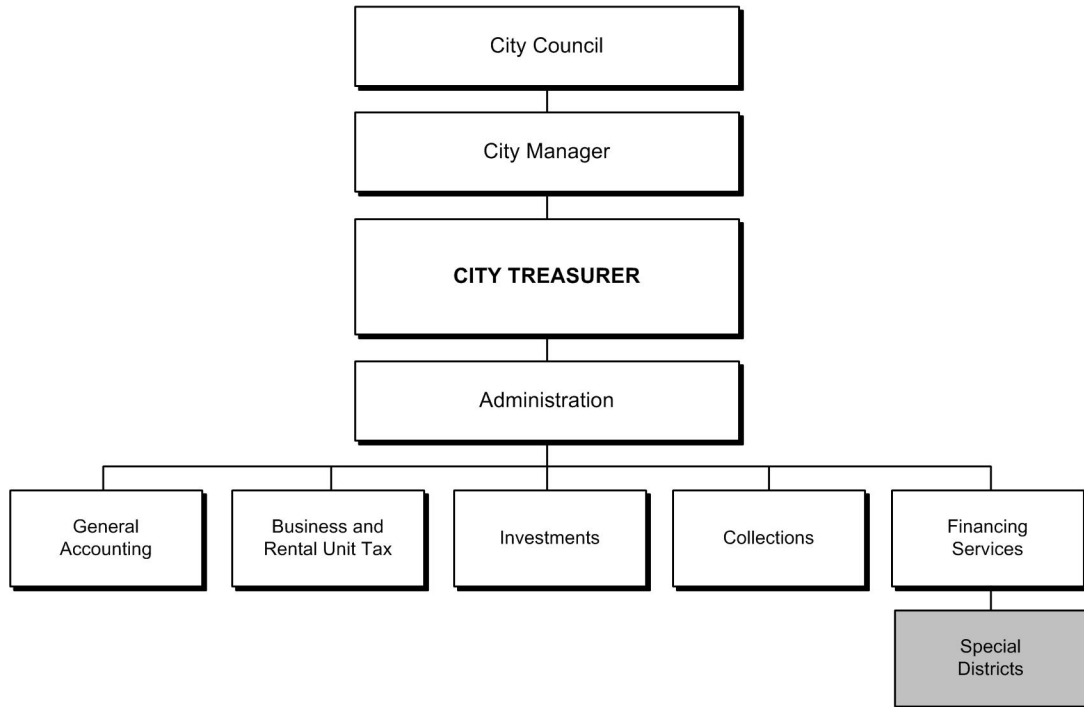




City Treasurer



City Treasurer



Mission Statement

To enrich our community by responsibly managing the public's money and creating an atmosphere of pride through mutual support and outstanding service.

Department Description

The Office of the City Treasurer is responsible for managing the public's money as well as providing the most cost-effective and fiscally responsible process for managing short-term and long-term debt and developing financing plans. Restructuring occurred in Fiscal Year 2003, combining the Office of the City Treasurer and Financing Services, in order to consolidate and enhance the level of fiscal services provided to the public. The Department is also responsible for generating a significant amount of revenue to the City, by collecting overdue accounts receivables.

Division/Major Program Description

Administration

This program is responsible for supervising the Department's operations; providing financial analysis, projections, and reports relating to departmental activities; and ensuring consistent, effective, and economical achievement of the Department's mission and objectives. It also provides treasury services for the Redevelopment Agency and the Public Facilities Financing Authority. The City Treasurer serves as a member of the Funds Commission, the Board of Administration of the City Employees' Retirement System, and as a Trustee for the Supplemental Pension Savings Plan and 401(k) plans. Through deputization of the Retirement Officer, the City Treasurer oversees certain record-keeping functions for the City Employees' Retirement System.

City Treasurer

Division/Major Program Description (continued)

Business and Rental Unit Tax	This program administers the collection of the City's business tax and rental unit business tax, and handles the collection of Business Improvement District assessments.
Collections	This program is responsible for the administration and collection of delinquent accounts that have been referred to the City Treasurer by other City departments and agencies. This program represents the City in Small Claims Court actions on delinquent accounts.
Financing Services	This program evaluates the financial, economic and fiscal implications of issues confronting the City with the most cost-effective process for managing short-term and long-term debt and other financing instruments. The program also provides in-house consultation services such as cost-benefit and fiscal impact analyses and responds to requests for financial analyses from the Mayor and City Council, the City Manager, and other City departments. The program also ensures the City's compliance with federal securities laws. The program develops prudent and equitable financial plans and rate structures for the Water and Metropolitan Wastewater Departments, and determines the optimal mix of revenues necessary to fund infrastructure requirements while ensuring compliance with federal, State, and local legal mandates.
General Accounting	This program is responsible for collecting fees, fines, permits, taxes and other payments; processing of Transient Occupancy Tax returns and remittances, balancing and reporting transactions to the City Auditor and Comptroller all daily revenue transactions; accounting for daily cash deposits of City funds in various banks; maintaining records for City investments, and accounting for investments in the Cemetery Perpetuity, Los Penasquitos Preserve, and the Sergeant Peters and Benjamin Memorial Trust Funds.
Investments	This program is responsible for the investment of cash balances for the City. The program provides cash management services for the City, including maintenance of banking relationships and the review of deposit and disbursement procedures.
Special Districts	This program provides the City with a cost-effective and fiscally responsible process for managing the public financing process using Communities Facilities Districts, 1915 Act Assessment Districts, and 1911 Act Districts. Responsibilities include comprehensively managing all special district formation procedures and related bond issuances; calculating and enrolling special taxes and assessments; collecting delinquent accounts; and assist-

Division/Major Program Description (continued)

Special Districts (continued)

ing communities in the formation of new assessment districts, while adhering to all legal and City policy guidelines.

Service Efforts and Accomplishments

The City Treasurer is responsible for collecting over \$242 million in Citywide revenues. This includes \$130 million in General Fund and \$112 million in Transient Occupancy Tax revenues. Any significant reduction in expenditures in this Department's budget would result in a negative impact to General Fund revenues. System efficiencies and prior year increased staffing have increased revenues by \$503,000 over Fiscal Year 2003 budgeted figures.

In Fiscal Year 2002, Financing Services oversaw the first issuance of Tax-Exempt Lease Revenue Bonds related to the multi-phased financing for the Fire and Lifeguard Facilities Fund. The proceeds from the first issuance are being used for the construction or improvement of fire facilities and lifeguard facilities. Proceeds are also being used for general component and equipment upgrades on numerous fire stations.

During Fiscal Year 2003, the Department Business Tax Program implemented the Treasurer's Tax Collection System (TTCS). The new system has streamlined the business tax application process, improved the integrity and accuracy of business tax data, allowed for address validation, provided more accurate fee and tax assessments for business tax and Business Improvement Districts and expedited the clearance approval process for zoning, San Diego Fire-Rescue and Police Departments. Additionally, TTCS has provided the ability to re-engineer the delinquent account revenue collection process by the issuance of notice of cancellation billing statements, thus increasing revenues. The Business Tax Program, in partnership with the Water Department, has implemented an automated remittance processing procedure for business tax payments.

At the beginning of Fiscal Year 2003, the Collections Program legal section was reorganized to intensify collection efforts on more difficult collections matters, resolve delinquent amounts owed by the State of California and federal and local government agencies, and maximize its partnership with the City Attorney's Civil Enforcement Unit, which assists the Collection Program in cases requiring more aggressive litigation.

Cases handled include recovery of unpaid TOT funds, property damage claims, water and sewer utility billings, and reimbursement for costs of police and fire services provided to other agencies.

In Fiscal Year 2003, Financing Services coordinated the refunding of City/MTDB Lease Revenue Bonds (Old Town Trolley Extension), Series 1993 and Certificates of Participation (Balboa Park/Mission Bay Capital Improvements), Series 1993. The refunding resulted in future savings because of lower annual payments.

Financing Services also assisted the City Manager in formulating the financing plan for the Library System Improvement Program, a \$312 million project to build new library facilities and expand/renovate existing facilities between Fiscal Years 2003 - 2011.

During Fiscal Year 2003, Financing Services coordinated the issuance of \$287 million in Subordinated Water Revenue Bonds, Series 2002 to refund a portion of 1998 Certificates of Undivided Interest.

This action achieved present value interest cost savings of \$2.6 million and facilitated additional water system improvements between Fiscal Years 2004 - 2006. The average interest cost of 4.36 percent is the lowest since the 1960s. A State of California zero-interest Revolving Fund Loan was successfully negotiated to partially fund the reconstruction of the Earl Thomas Reservoir on a subordinated lien basis.

City Treasurer

Service Efforts and Accomplishments (continued)

In Fiscal Year 2003, Financing Services/Special Districts Administration facilitated the formation of two Community Facilities Districts that are anticipated to issue Mello-Roos bonds to finance regional infrastructure improvements within the Black Mountain Ranch Community area and the Naval Training Center Redevelopment Project.

Future Outlook

The Department continues to provide cost-effective financing alternatives, which enable City departments to acquire necessary equipment to provide efficient services to the public.

The Business Tax and Collection Programs are looking at developing future phases and upgrades of the TTCS to include rental unit taxes and provide internet application and payment processes and the Revenue Plus Collector System to provide read only access to customers and City departments for their collection accounts.

Future financings anticipated during Fiscal Year 2004 include Lease Revenue Bonds for Fire and Lifeguard Facilities Fund; Mello-Roos and assessment district bonds for the Black Mountain Ranch Community area, the Naval Training Center Redevelopment Project, and the Otay Mesa area; refunding bonds for PETCO Park and Redevelopment Project; bonds for wastewater system infrastructure improvements; and annual Tax Anticipation Notes.

Budget Dollars at Work

\$93.2 Million in Tax Anticipation Notes to meet the City's cash flow needs

\$286.9 Million in Subordinated Water Revenue Bonds

\$20 Million zero-interest State Revolving Fund Loan negotiated

\$20 Million in Tax-Exempt Lease Revenue Bonds for the Fire and Lifeguard Facilities Fund

\$13 Million of annual special taxes and special assessments were calculated, enrolled and apportioned to 7,400 parcels

\$12.8 Million revenue collected by the Collection Program

City Treasurer				
	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL	FY 2003-2004 CHANGE
Positions	90.56	96.26	105.01	8.75
Personnel Expense	\$ 5,634,364	\$ 6,213,021	\$ 7,008,290	\$ 795,269
Non-Personnel Expense	\$ 2,484,561	\$ 3,008,348	\$ 3,065,712	\$ 57,364
TOTAL	\$ 8,118,925	\$ 9,221,369	\$ 10,074,002	\$ 852,633

Department Staffing

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL
GENERAL FUND			
City Treasurer			
Administration	7.48	4.40	5.15

City Treasurer

Department Staffing (continued)

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL
GENERAL FUND			
City Treasurer			
Business & Rent Taxes/TOT	15.16	15.00	15.00
Collection Activities	32.07	37.55	45.55
General Accounting	9.80	10.61	10.61
Investments Activities	4.40	4.40	4.40
Total	68.91	71.96	80.71
Financing Services			
Administration	0.00	1.00	1.00
Bond Financing, Utilities & Analysis	14.50	16.15	16.15
Total	14.50	17.15	17.15
SPECIAL DISTRICTS FUND			
Fin Svcs - Special Districts			
Special Districts	7.15	7.15	7.15
Total	7.15	7.15	7.15

Department Expenditures

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL
GENERAL FUND			
City Treasurer			
Administration	\$ 729,763	\$ 718,713	\$ 669,128
Business & Rent Taxes/TOT	\$ 1,837,049	\$ 1,739,847	\$ 1,826,193
Collection Activities	\$ 2,138,360	\$ 2,727,284	\$ 3,332,006
General Accounting	\$ 647,385	\$ 702,258	\$ 726,780
Investments Activities	\$ 1,010,894	\$ 1,137,327	\$ 1,166,887
Total	\$ 6,363,452	\$ 7,025,429	\$ 7,720,994
Financing Services			
Administration	\$ 197,696	\$ 93,539	\$ 93,081
Bond Financing, Utilities & Analysis	\$ 1,089,063	\$ 1,415,708	\$ 1,504,499
Total	\$ 1,286,758	\$ 1,509,247	\$ 1,597,580
SPECIAL DISTRICTS FUND			
Fin Svcs - Special Districts			
Special Districts	\$ 468,715	\$ 686,693	\$ 755,428
Total	\$ 468,715	\$ 686,693	\$ 755,428

City Treasurer

Significant Budget Adjustments

GENERAL FUND

City Treasurer	Positions	Cost
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2003 negotiated salary compensation schedule, Fiscal Year 2004 negotiated salaries and benefits, changes to average salaries, retirement contributions and other benefit compensation.	0.00 \$	171,910
Staffing and Support for Collection Agents Midyear addition 8.75 positions and support to enhance collection activities. In Fiscal Year 2005 an additional 2.75 positions will be annualized for a total of 11.50 positions.	8.75 \$	727,326
Support for Information Technology Funding has been reallocated according to a Citywide review of information technology budget requirements and priority analyses.	0.00 \$	(19,404)
Collection Activities Reduction of contract services related to the collection of Citywide overdue accounts receivable.	0.00 \$	(74,000)
Non-Discretionary Adjustments to reflect expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.	0.00 \$	(110,267)
Financing Services	Positions	Cost
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2003 negotiated salary compensation schedule, Fiscal Year 2004 negotiated salaries and benefits, changes to average salaries, retirement contributions and other benefit compensation.	0.00 \$	92,711
Support for Information Technology Funding has been reallocated according to a Citywide review of information technology budget requirements and priority analyses.	0.00 \$	4,597
Non-Discretionary Adjustments to reflect expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.	0.00 \$	(3,512)
Contractual Services Reduction for contractual services will affect the level of maintaining current service levels in existing contracts with financial and investment institutions.	0.00 \$	(5,463)

Significant Budget Adjustments (continued)

SPECIAL DISTRICTS FUND

Fin Svcs - Special Districts	Positions	Cost
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2003 negotiated salary compensation schedule, Fiscal Year 2004 negotiated salaries and benefits, changes to average salaries, retirement contributions and other benefit compensation.	0.00 \$	34,906
Support for Information Technology Funding has been reallocated according to a Citywide review of information technology budget requirements and priority analyses.	0.00 \$	38,904
Non-Discretionary Adjustments to reflect expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.	0.00 \$	(5,075)

Expenditures by Category

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL
PERSONNEL			
Salaries & Wages	\$ 4,310,502	\$ 4,715,881	\$ 5,145,171
Fringe Benefits	\$ 1,323,863	\$ 1,497,140	\$ 1,863,119
SUBTOTAL PERSONNEL	\$ 5,634,364	\$ 6,213,021	\$ 7,008,290
NON-PERSONNEL			
Supplies & Services	\$ 979,821	\$ 1,419,151	\$ 1,462,141
Information Technology	\$ 1,322,976	\$ 1,303,701	\$ 1,362,075
Energy/Utilities	\$ 161,211	\$ 265,085	\$ 173,592
Equipment Outlay	\$ 20,553	\$ 20,411	\$ 67,904
SUBTOTAL NON-PERSONNEL	\$ 2,484,561	\$ 3,008,348	\$ 3,065,712
TOTAL	\$ 8,118,925	\$ 9,221,369	\$ 10,074,002

City Treasurer

Revenues by Category

GENERAL FUND		FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL
Property Tax	\$	- \$	- \$	-
Other Local Taxes	\$	- \$	- \$	-
Licenses and Permits	\$	10,191,348 \$	10,320,000 \$	10,039,000
Fines, Forfeitures, and Penalties	\$	1,503,248 \$	857,900 \$	1,527,000
Revenue from Money & Property	\$	- \$	- \$	-
Revenue from Other Agencies	\$	- \$	- \$	-
Charges for Current Services	\$	1,923,957 \$	903,408 \$	1,024,201
Other Revenues	\$	- \$	- \$	-
Transfers from Other Funds	\$	- \$	- \$	-
TOTAL	\$	13,618,553 \$	12,081,308 \$	12,590,201

Key Performance Measures

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL
Average cost per dollar invested expressed as basis points ⁽¹⁾	5	7	5
Average cost per bank transaction reconciled	\$1.95	\$0.78	\$0.87
Average cost per Business and Rental Tax account administered	\$12.99	\$12.43	\$12.59
Average cost per delinquent account dollar collected	\$0.18	\$0.22	\$0.24
Average cost per parcel enrolled 1915 Act District and Community Facilities Districts	\$44.98	\$62	\$62
Average cost per 1911 Act District parcel serviced	\$827	\$1,695	\$4,584
Average cost of special district formation proceedings	\$41,761	\$37,561	\$28,347
Average cost per existing and new bond financing	\$13,170	\$14,027	\$13,088
Average cost per internal financial consultation	\$902	\$1,109	\$1,145
Average cost per water/sewer plan analyzed and prepared ⁽²⁾	\$47,272	\$65,401	\$68,664

Salary Schedule

GENERAL FUND

City Treasurer

Class	Position Title	FY 2003 Positions	FY 2004 Positions	Salary	Total
1104	Account Clerk	5.00	5.00	\$ 32,826 \$	164,132
1107	Administrative Aide II	1.00	1.00	\$ 44,197 \$	44,197
1218	Assoc Management Analyst	1.00	1.00	\$ 55,514 \$	55,514
1330	Cashier	3.00	3.00	\$ 31,280 \$	93,841

⁽¹⁾ Fiscal Year 2003 efficiency number has changed due to excluding banking costs. Basis points for Fiscal Year 2002 is 5.11, for Fiscal Year 2003 is 7.13, and for Fiscal Year 2004 is 5.27.

⁽²⁾ The efficiency amount has been modified for Fiscal Year 2003 to account for additional output that was overlooked in Fiscal Year 2002. As a result the cost of this activity was reduced.

Salary Schedule (continued)

GENERAL FUND

City Treasurer

<i>Class</i>	<i>Position Title</i>	<i>FY 2003 Positions</i>	<i>FY 2004 Positions</i>	<i>Salary</i>	<i>Total</i>
1331	Collections Investigator I	21.00	25.75	\$ 39,735	\$ 1,023,185
1332	Collections Investigator II	4.00	4.00	\$ 45,847	\$ 183,387
1333	Collections Investigator III	4.00	4.75	\$ 52,003	\$ 247,016
1344	Collections Manager	1.00	1.00	\$ 71,232	\$ 71,232
1348	Info Systems Analyst II	1.00	1.00	\$ 56,142	\$ 56,142
1349	Info Systems Analyst III	1.00	1.75	\$ 62,954	\$ 110,169
1465	Field Representative	1.00	1.00	\$ 34,267	\$ 34,267
1535	Clerical Assistant II	11.00	12.50	\$ 30,468	\$ 380,845
1575	Data Entry Operator	1.76	1.76	\$ 33,166	\$ 58,373
1576	Data Entry Supv	0.80	0.80	\$ 41,104	\$ 32,883
1776	Public Information Clerk	2.00	2.00	\$ 33,063	\$ 66,125
1840	Sr Cashier	1.00	1.00	\$ 38,328	\$ 38,328
1842	Accountant II	1.00	1.00	\$ 54,518	\$ 54,518
1844	Sr Account Clerk	3.00	3.00	\$ 38,197	\$ 114,590
1876	Executive Secretary	0.70	0.70	\$ 46,240	\$ 32,368
1879	Sr Clerk/Typist	1.00	2.00	\$ 38,040	\$ 76,080
1917	Supv Management Analyst	1.00	1.00	\$ 71,076	\$ 71,076
2111	Asst City Manager	0.02	0.02	\$ 172,050	\$ 3,441
2153	Deputy City Manager	0.68	0.68	\$ 163,463	\$ 111,155
2190	Treasurer	1.00	1.00	\$ 123,324	\$ 123,324
2228	Principal Accountant	1.00	1.00	\$ 91,749	\$ 91,749
2241	Investment Officer	1.00	1.00	\$ 113,319	\$ 113,319
2256	Asst Investment Officer	2.00	2.00	\$ 80,478	\$ 160,956
	Bilingual - Regular	0.00	0.00	\$ -	\$ 7,451
	Overtime Budgeted	0.00	0.00	\$ -	\$ 4,622
	Temporary Help	0.00	0.00	\$ -	\$ 25,943
	Total	71.96	80.71	\$	3,650,228

Financing Services

<i>Class</i>	<i>Position Title</i>	<i>FY 2003 Positions</i>	<i>FY 2004 Positions</i>	<i>Salary</i>	<i>Total</i>
1106	Sr Management Analyst	3.00	3.00	\$ 62,561	\$ 187,683
1218	Assoc Management Analyst	1.00	1.00	\$ 55,514	\$ 55,514
1222	Assoc Economist	3.00	3.00	\$ 53,104	\$ 159,311
1243	Info Systems Administrator	1.00	1.00	\$ 78,358	\$ 78,358
1424	Economist	2.00	2.00	\$ 62,044	\$ 124,088
1535	Clerical Assistant II	1.00	1.00	\$ 30,468	\$ 30,468
1576	Data Entry Supv	0.20	0.20	\$ 41,110	\$ 8,222

City Treasurer

Salary Schedule (continued)

GENERAL FUND

Financing Services

<i>Class</i>	<i>Position Title</i>	<i>FY 2003 Positions</i>	<i>FY 2004 Positions</i>	<i>Salary</i>		<i>Total</i>
1879	Sr Clerk/Typist	1.00	1.00	\$	38,040	\$ 38,040
1917	Supv Management Analyst	1.00	1.00	\$	71,075	\$ 71,075
1923	Supv Economist	3.00	3.00	\$	70,682	\$ 212,046
2214	Deputy Director	0.95	0.95	\$	104,146	\$ 98,939
	Overtime Budgeted	0.00	0.00	\$	-	\$ 4,481
	Temporary Help	0.00	0.00	\$	-	\$ 25,129
	Total	17.15	17.15			\$ 1,093,354
General Fund Total		89.11	97.86			\$ 4,743,582

SPECIAL DISTRICTS FUND

Fin Svcs - Special Districts

<i>Class</i>	<i>Position Title</i>	<i>FY 2003 Positions</i>	<i>FY 2004 Positions</i>	<i>Salary</i>		<i>Total</i>
1106	Sr Management Analyst	1.00	1.00	\$	62,561	\$ 62,561
1107	Administrative Aide II	2.00	2.00	\$	44,197	\$ 88,393
1746	Word Processing Operator	1.00	1.00	\$	33,015	\$ 33,015
1844	Sr Account Clerk	1.00	1.00	\$	38,197	\$ 38,197
1876	Executive Secretary	0.05	0.05	\$	46,240	\$ 2,312
1917	Supv Management Analyst	1.00	1.00	\$	71,075	\$ 71,075
2153	Deputy City Manager	0.05	0.05	\$	163,460	\$ 8,173
2214	Deputy Director	0.05	0.05	\$	104,160	\$ 5,208
2270	Program Manager	1.00	1.00	\$	87,576	\$ 87,576
	Overtime - Straight	0.00	0.00	\$	-	\$ 5,079
	Total	7.15	7.15			\$ 401,589

CITY TREASURER TOTAL	96.26	105.01			\$ 5,145,171
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Five-Year Expenditure Forecast

	FY 2004 FINAL	FY 2005 FORECAST	FY 2006 FORECAST	FY 2007 FORECAST	FY 2008 FORECAST	FY 2009 FORECAST
Positions	105.01	120.00	123.00	125.00	127.00	127.00
Personnel Expense	\$ 7,008,290	\$ 8,110,198	\$ 8,587,589	\$ 8,973,072	\$ 9,356,698	\$ 9,637,399
Non-Personnel Expense	\$ 3,065,712	\$ 4,421,380	\$ 5,694,821	\$ 5,351,866	\$ 5,204,422	\$ 5,360,555
TOTAL EXPENDITURES	\$ 10,074,002	\$ 12,531,578	\$ 14,282,410	\$ 14,324,938	\$ 14,561,120	\$ 14,997,954

City Treasurer

Fiscal Year 2005

CITY TREASURER

Addition of 11.99 reimbursable positions and support to provide data system improvement and additional revenue.

FINANCING SERVICES

Addition of 1.00 reimbursable position and support to provide office space rental and software purchases, and to provide support for an increased number of bond financings and requests for financial consulting.

FINANCING SERVICES - SPECIAL DISTRICTS

Addition of 2.00 reimbursable positions and support to handle district formation requests that have doubled in the past two years and the resultant increase in the number of parcels enrolled annually.

Fiscal Year 2006

CITY TREASURER

Addition of 1.00 reimbursable position and support to provide information system improvement.

FINANCING SERVICES

Addition of 2.00 reimbursable positions and support is requested to provide increased number of bond financings and requests for financial consulting.

FINANCING SERVICES - SPECIAL DISTRICTS

No major projected requirements.

Fiscal Year 2007

CITY TREASURER

Addition of 1.00 reimbursable position and support to provide information system improvement. Savings are the result of reductions in information system development costs.

FINANCING SERVICES

No major projected requirements.

FINANCING SERVICES - SPECIAL DISTRICTS

Addition of 1.00 reimbursable position and support is requested to handle district formation requests and the resultant increase in the number of parcels enrolled annually.

City Treasurer

Five-Year Expenditure Forecast (continued)

	City Treasurer
Fiscal Year 2008	<p>CITY TREASURER Addition of 2.00 reimbursable positions and support to provide information system improvement and additional revenue. Savings are the result of reductions in information system development costs.</p> <p>FINANCING SERVICES No major projected requirements.</p> <p>FINANCING SERVICES - SPECIAL DISTRICTS No major projected requirements.</p>
Fiscal Year 2009	<p>No major projected requirements.</p>